

FMCSA's Security Role

- DOT has a supporting role with DHS to improve the secure transportation of hazardous materials
- FMCSA Technology Initiatives
 - Hazardous Materials Field Operational Test
 - Untethered Trailer Tracking System Pilot Test
 - Expanded Satellite Communications Pilot Test
 - Truck Disabling Technology Study

Trailer Vulnerabilities to Theft

- Unattended Trailers
 - Trailer Stockpiling
 - Lengthy yard checks
 - Erroneous pickups
 - Increased opportunities for theft
- Lack of in-transit visibility
 - Subcontracting to trucking companies to haul certain loads, losing trailer visibility at the switch
 - Delays at shippers when trailers are empty

Untethered Trailer Tracking System Project Purpose

"...leverage existing technology and develop an untethered trailer tracking and control system that will provide real-time trailer identification, location, geo-fencing, unscheduled movement notification, door sensors, and alarms."

Department of Transportation and Related Agencies Appropriations Bill, 2003

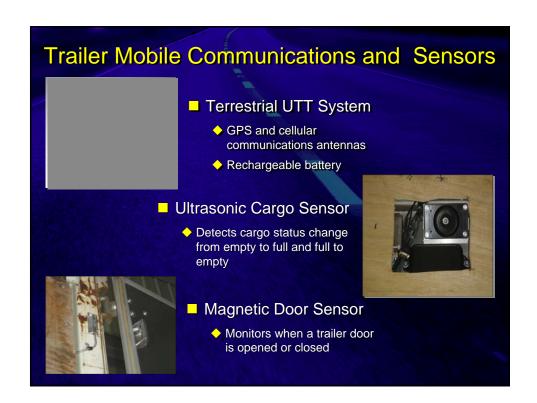






Baseline Typical Operations

- Lengthy time of unknown status
 - Untethered: 2-7 days where its status was unknown to all carriers
 - Cargo In transit: 1-2 days where the visibility into cargo status was limited or non-existent
 - Not at company locations: Trailer locations or status related to cargo unknown to one carrier
- Site operations
 - ♦ 5-6 hours spent searching for one particular trailer
 - 3-10 days before trailers were picked up
 - Up to 25 trailers sitting idle and unavailable to the carrier



Geo-fencing and Trailer Connection Status Geo-fencing Notification of a trailer moving outside of its geo fence Capability to increase the position polling rate after geofence violation Trailer connection and disconnection status

Security Benefits Theft reduction Notifications of door opening and cargo status changes Ability to track and recover stolen trailers Improved unauthorized trailer movement detection Information about unauthorized disconnections or connections Visibility into trailer locations

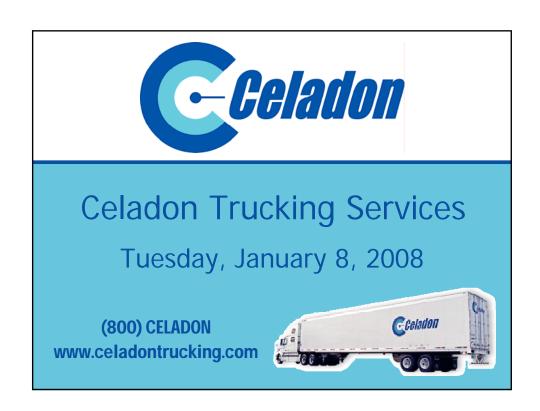
Operational Efficiency Benefits

- Improved asset management
 - Ability to find trailers and expedite deliveries through knowledge of trailer arrivals, unloading, and loading
 - Collection of detention charges with system data
 - Enhanced visibility of trailers and their cargo
 - Less time needed to rotate trailers for deliveries, which prevents the use of trailers as storage
 - Reduction of trailer to tractor ratios

New Systems Today

- Improved mapping (Google)
- Custom polygonal landmarks
- New trailer applications (flatbed, tanker, reefer, container)
- Solar charging system
- Smart sensor departure and arrival data
- Idle time reports
- Custom reporting





About Celadon



- Trucking Operations:
 - 2,900 tractors (including 350 Canadian, 250 Mexican)
 - 8,100 trailers
- 950 Miles Average Length of Haul
- 52% Domestic/U.S.
- 48% Crosses Mexican or Canadian border
- Strong Driver Base
- Safety Focus
- Technology Focus
- Non-Asset Based Businesses



Trailer Tracking Objectives



- Decrease in Trailer Idle Time Costs
- Decrease in Fuel Costs Searching for Trailers
- Increase in Trailer Detention Billing
- Improve Truck Productivity
- Increase Trailer and Cargo Security



Current Deployment



- Installed on 3,000+ units
- All units deployed with cargo sensor
- Full integration with operational system



Exception Based Integration



- Trailer Connect
- Trailer Disconnect
- Cargo Loaded
- Cargo Empty
- Geo-Fence
- Status Report (Pings)
- Low Battery
- Battery Replacement



Exception Based Alerts



- Connect
 - Tractor not assigned to trailer that it is being connected to
- Disconnect
 - Tractor disconnecting at an unauthorized location
 - Trailer disconnected at a customer location not identified as a drop location

Exception Based Alerts



- Loaded
 - Trailer loaded detected but order is not generated in system
- Empty
 - Tractor attached to trailer specified as a drop location
- Geofence
 - Trailer being pulled by non-Celadon equipment
 - Trailer departing geo-fence is not a on an order

Trailer Tracking Benefits



- Improved business operations and customer service
- Reduced wasted fuel
- Improved driver and tractor productivity
- Enhanced detention billing
- Increased trailer and cargo security
- Increased visibility of freight during third-party moves
- Optimized trailer inventory pools and reduced yard checks
- Provides mechanism for auto arrive and depart



Implementation Hurdles



- In order to recognize a connect or disconnect, the tractor must have a special in-line fuse.
- Coordination of equipment installations
- Quality control and diagnostic checks prior to trailer being released to the fleet
- Training of maintenance staff to troubleshoot potential hardware issues
- Systems integration
- Training of Operations staff in handling alert events

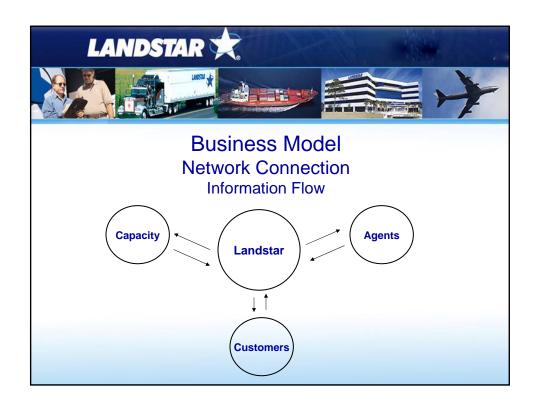




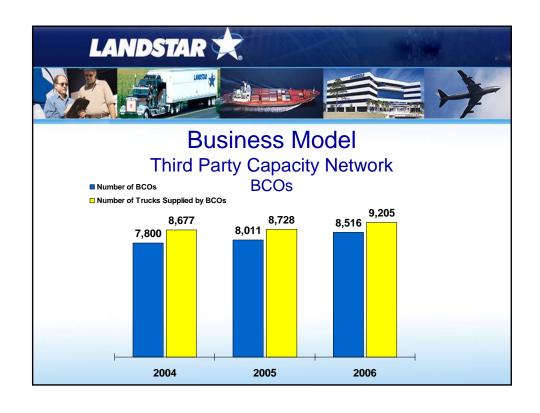


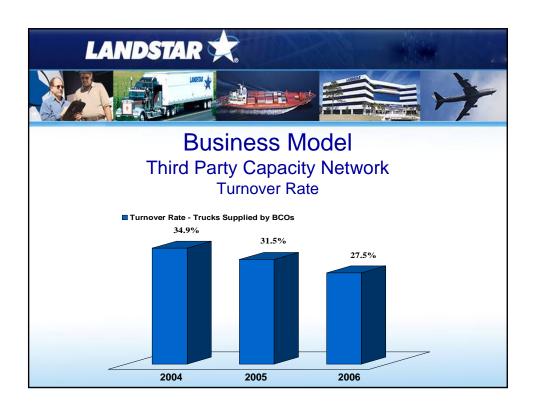
Model Definition

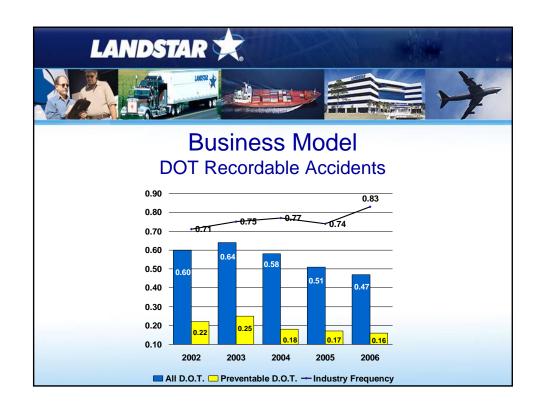
Landstar is a non-asset based provider of transportation capacity delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third party capacity owners and employees.

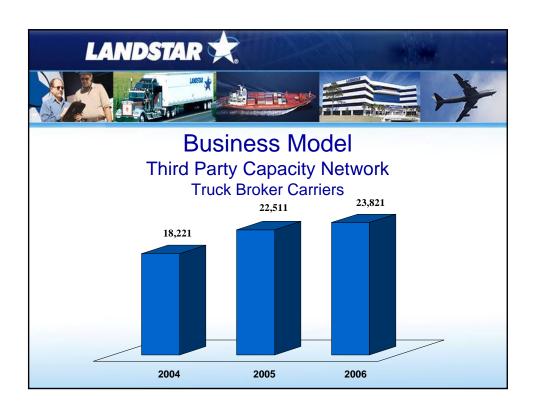














Landstar's Search for a Tracking System

- Landstar started looking at tracking systems in 1997:
 - Landstar's purpose of finding a tracking system was to better track and control our assets
 - Landstar researched the advantages and disadvantages of a tethered and an untethered system
 - Landstar weighed the advantages and disadvantages of GPS versus Cellular
 - Landstar leased 300 Xtra-leases trailers equipped with a tethered Terrion tracking system as a test subject



Landstar's Search for a Tracking System

- Results of Landstar's Research:
 - In 2002, Landstar decided at that time that an untethered tracking system would fit our needs best. There were several reasons:
 - Make up truck fleet
 - Most model year tractors built around 1997 or before did not have constant power to the center pin on the seven way, which is necessary to recharge a tethered units battery.
 - At least half the fleet was to be retrofitted and we needed an application the could be installed easily on a loaded trailer.
 - Ease of install
 - Small and Covert
 - Preferred a device that limited warranty issues by manufactures such as penetrating the skin of the trailer with a tethered systems antenna.
 - Data from device must be able to be integrated into Landstar's system.
 - Landstar needed an upgradeable system which can change with our business environment



Benefits of Utilizing a Tracking System

- Increased revenue and loads per trailer due to improved utilization of equipment
- Allows Landstar to service their customers in an efficient manner
- Helps improve safety and compliance
- Assists in retention efforts with Business Capacity Owners
- Able to manage maintenance schedules of equipment
- Assists in theft prevention and recovery of lost or stolen equipment
- Skybitz System allows Landstar agents to utilize Brokerage Carrier Partners



Skybitz: Future Benefits

- Track and Trace; shows the tractor id when it is hooked and when it unhooks from a trailer
- Smart sensor tracking
- Door sensors; it allows Landstar to see when the trailer doors are opened or closed
- The use of cargo sensors
- Skybitz is able to be upgraded to help meet our changing business environment
- Customers will have the ability to track their shipments on their schedule













Presentation Summary

- Helps improve safety and compliance
- Helps service our customers more efficiently
- Improves utilization of Landstar equipment
- Assists in the recovery of missing or stolen trailers
- Has allowed Landstar to utilize our Brokerage Capacity Partners
- Skybitz is a covert system
- Skybitz is an upgradeable system
- Has allowed Landstar to increase the loads per trailer, which has increase revenue through better utilization
- Manage maintenance repairs and inspection schedules more efficiently

